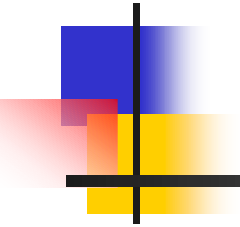


WHY ECONOMIC GROWTH



*Economic Growth
Officers Workshop
Charlottesville, VA
December 2002*



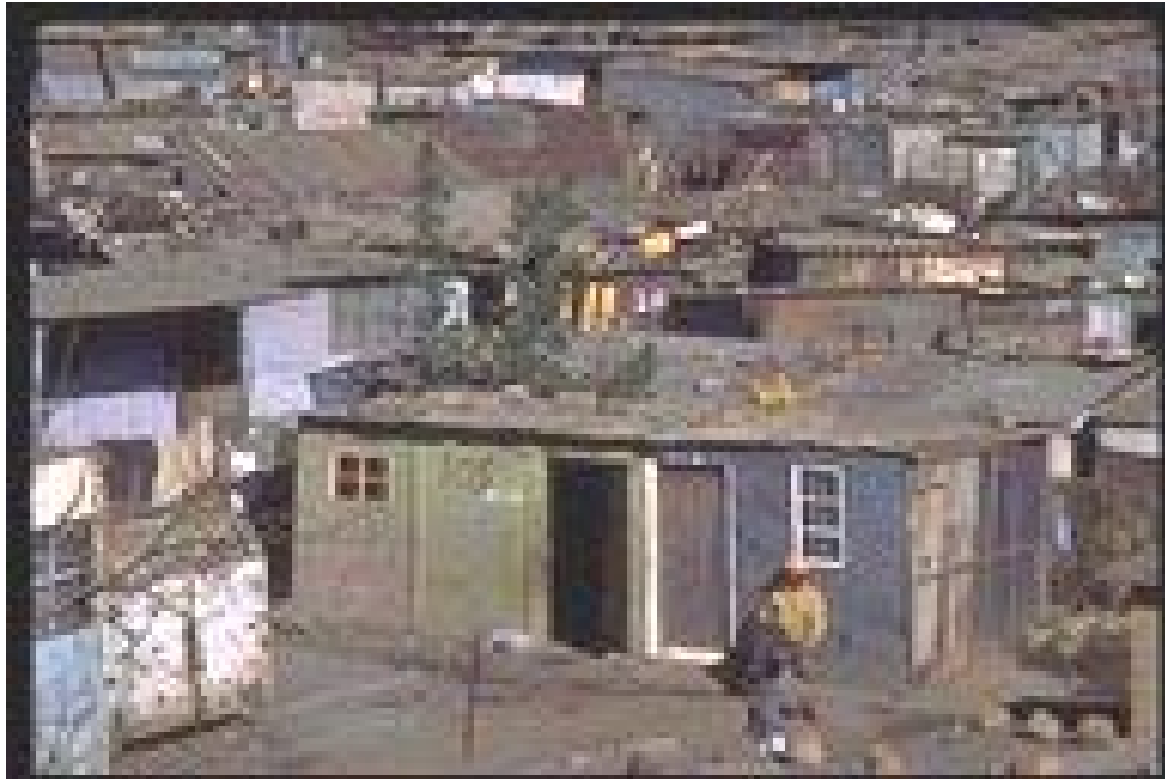
USAID's Three Pillars

- Economic Growth,
Agriculture and Trade
- Global Health
- Democracy, Conflict,
and Humanitarian
Assistance

Why Economic Growth?



One: Poverty





Poverty

- Per Capita Income
- Income distribution
- Growth and Poverty
- Sustainable Development vs. Poverty Reduction Paradigm



Sustainable Development vs.. Poverty Reduction Paradigm

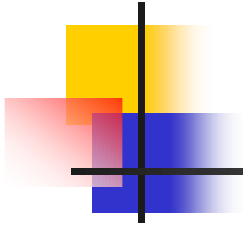
SD

- Growth Alone Sufficient
- Income Distribution Measures Ineffective
- Social Programs Get Only Short Term Results
- Poverty Programs Crowd Out Growth Programs

PRP

- Growth Necessary but Not Sufficient
- Concerned With Access, Empowerment, and Vulnerability
- Need to Focus on Areas and Sectors Where Poor Reside and Work
- Inequality Is Bad

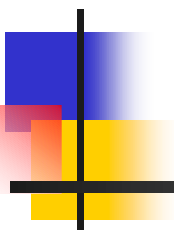
List of Countries With Improvements in Poverty Without Sustained Economic Growth.



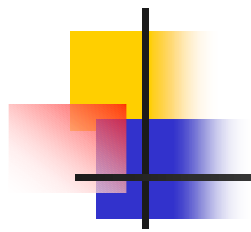
Two: Development



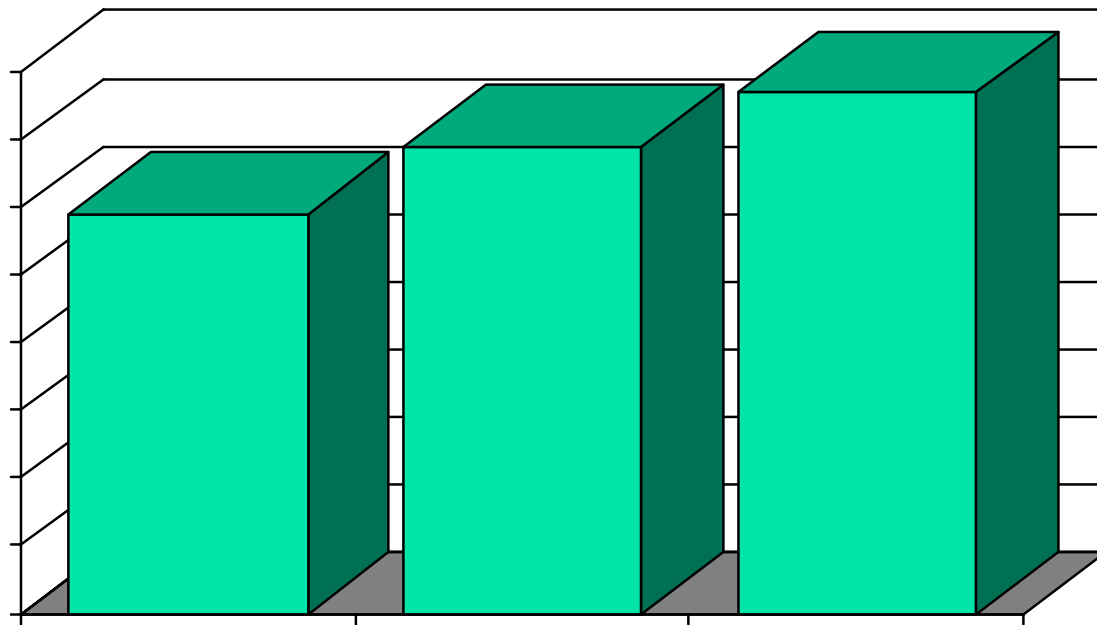
Development

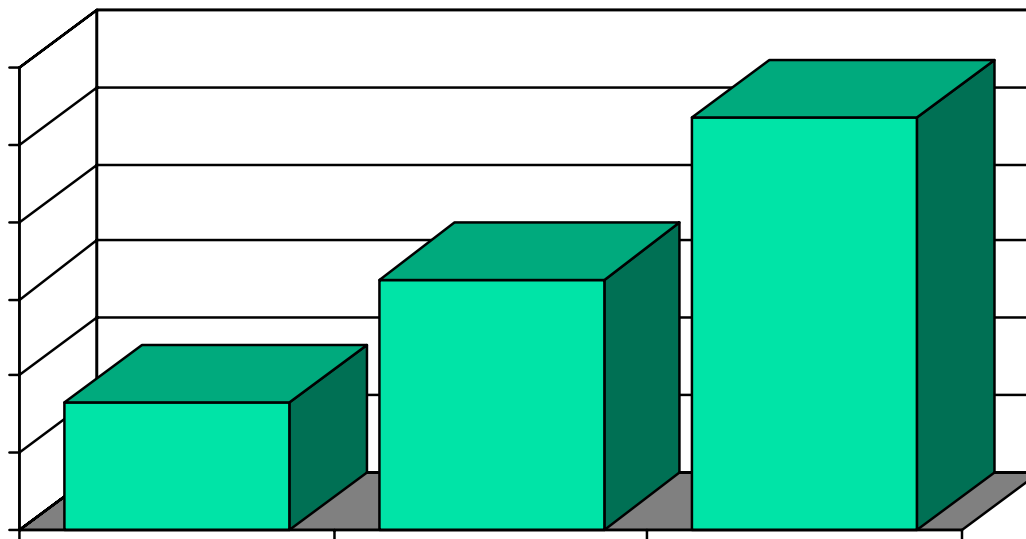
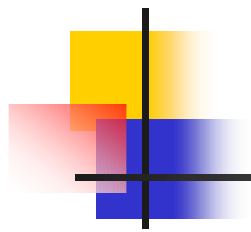


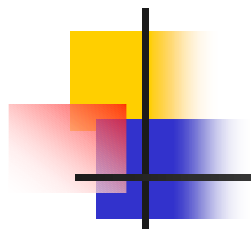
UNDP Human Development
Index: longevity, knowledge, and
standard of living.



Life Expectancy Rates, 1997

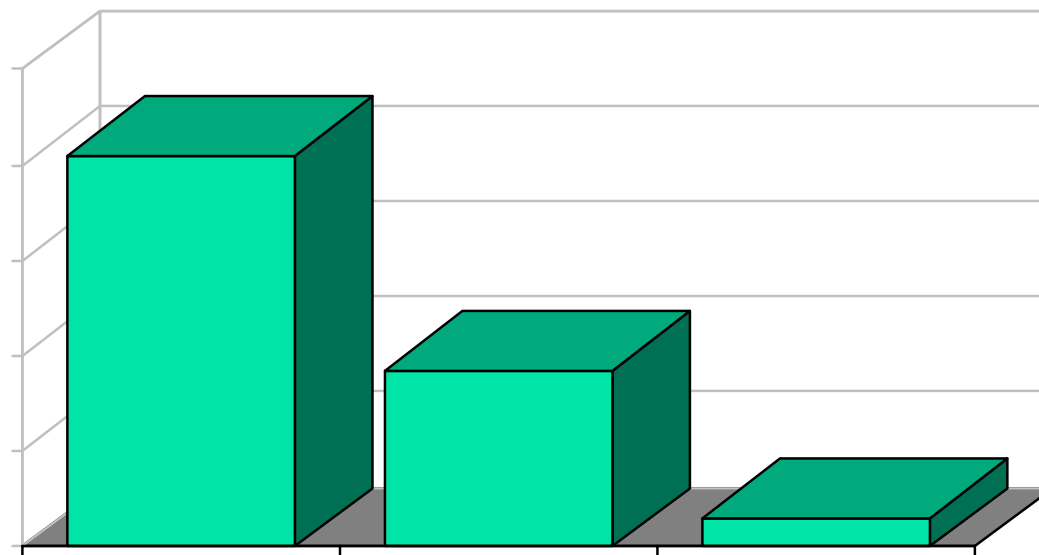






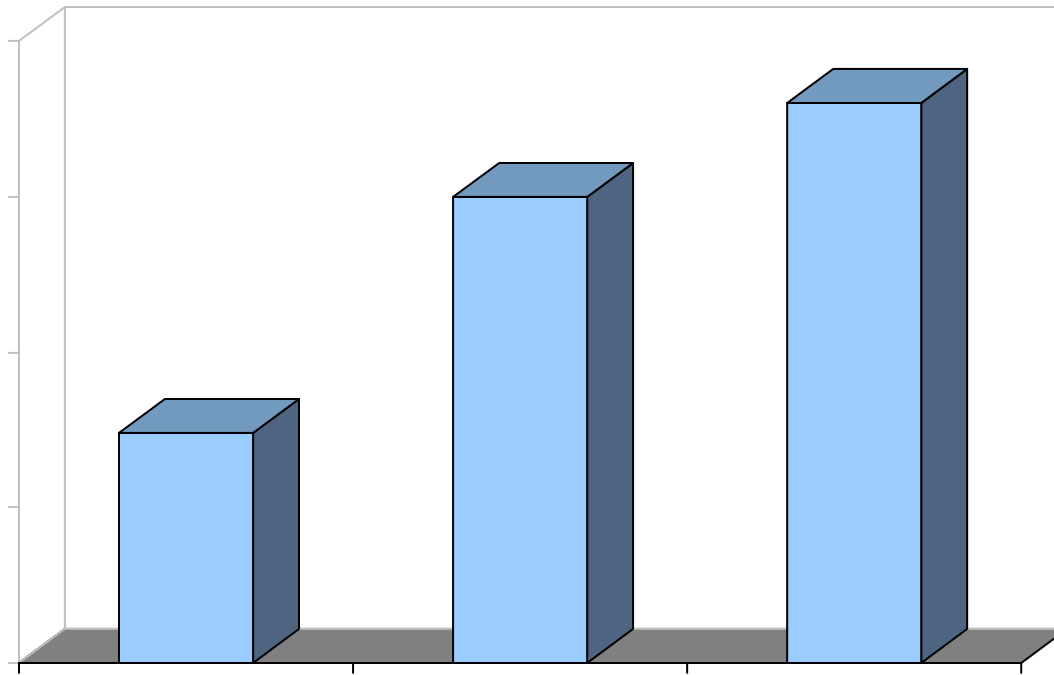
Infant Mortality Rates, 1997

(per 1,000 live births)



Human Development Index, 1995

(rated by United Nations Development Programme)



Three: Foreign Policy and National Security





National Security Strategy

- The US will work to double the size of the world's poorest economies. We seek to, "ignite a new era of global economic growth through free markets and free trade."

Drivers

Finance, Policy, and Governance



Drivers

Firms, Farms, and Trade



Microenterprise



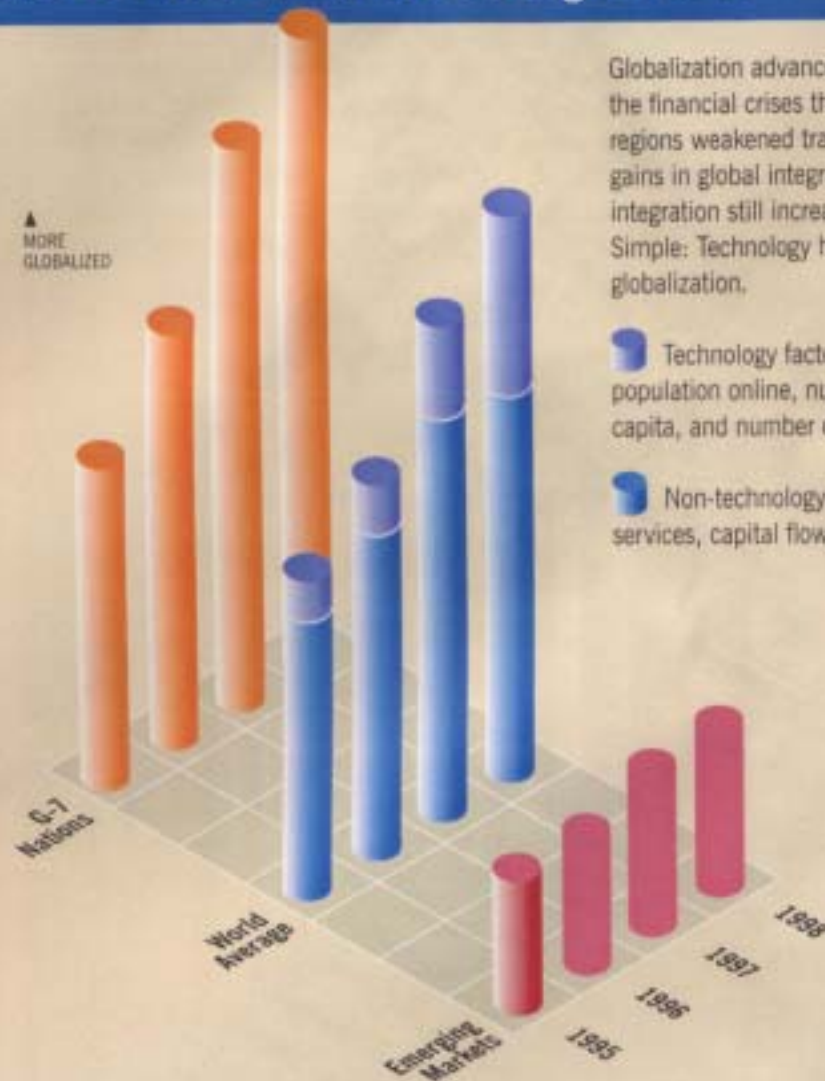


New Global Realities

- Globalization
- Demographic Change
- Climate Change
- 911

Is Globalization Slowing Down?

▲
MORE
GLOBALIZED



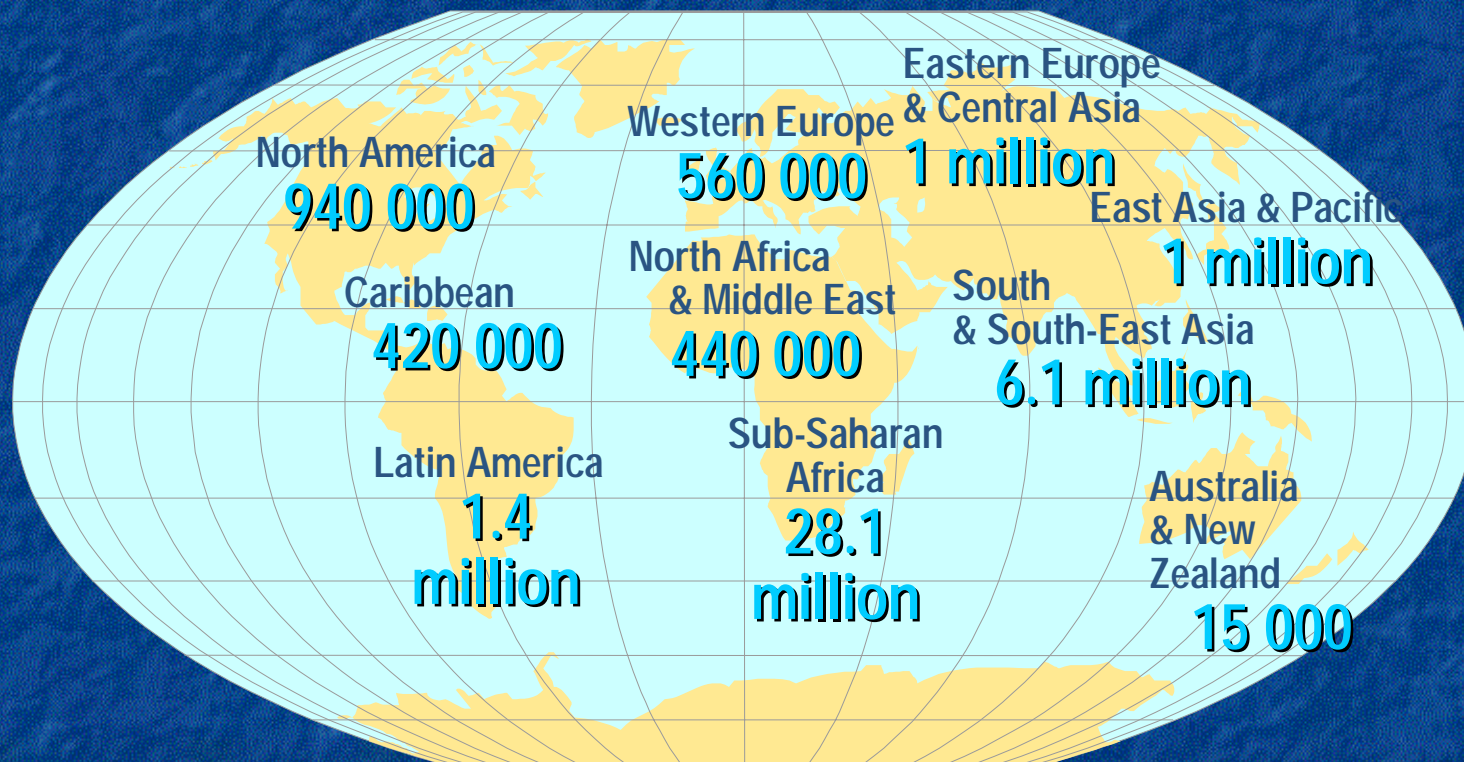
Globalization advanced briskly until 1997, when the financial crises that hit various developing regions weakened trade flows and undercut gains in global integration. So why did overall integration still increase during this period? Simple: Technology has become the engine of globalization.

Technology factors: Percentage of population online, number of Internet hosts per capita, and number of secure servers per capita.

Non-technology factors: Trade in goods and services, capital flows, and personal contact.



Adults and children estimated to be living with HIV/AIDS as of end 2001



Total: 40 million



Ageing population*

Population aged 60 and over as % of total population, 2002 estimate



Source: UN

Global Warming

